

MINUTES

FIRST WALNUT CREEK MUTUAL REGULAR MEETING OF THE BOARD OF DIRECTORS FRIDAY, SEPTEMBER 25, 2020 AT 10:00 A.M. ZOOM MEETING

President Gerald Priebat called to order the regular meeting of the Board of Directors of First Walnut Creek Mutual on Friday, September 25, 2020 at 10:00 a.m. (Zoom Meeting)

PRESENT: Gerald Priebat, President, District 2
Tom Hansen, 1st Vice President, District 1
John Moe, 2nd Vice President, District 3
Pat Donahue, Treasurer, District 4
Peggy Kaiser, Secretary, District 5

EXCUSED: None

Staff was represented by Paul Donner, Mutual Operations Director; Rick Chakoff, Chief Financial Officer; Doug Hughs, Building Maintenance Manager-Excused; Rebecca Pollon, Landscape Manager, and Anne Paone, Administrative Secretary.

Mr. Priebat welcomed the 27 residents in attendance.

APPROVAL OF THE CONSENT CALENDAR

The consent calendar consisted of:

Regular Meeting Minutes – August 28, 2020
Executive Session Minutes – August 13 and August 28, 2020
ACC Meeting – July 24 and August 13, 2020

Ms. Kaiser moved to approve the consent calendar as presented. Mr. Hansen seconded and the motion carried without dissent.

RESIDENTS' FORUM

Resident asked if Vets Move Junk can do pick-ups in carports. John Moe will look into this matter.

Resident would like to see Board change the BBQ policy and be very definitive in the text.

Resident asked the Board to look at a reduction in the 2021 budget by rolling back the management fee. She thought this was the largest single budget item. Mr. Donner advised her that insurance is the largest budget item.

Residents had questions about PG&E power outages.

Resident had question about parking. It is hard to park and contractors park there.

Resident asked about composting and would like it cleaned up. She also asked about rocks being installed. She was advised to contact the workorder desk or landscape representative.

Resident asked about PG&E again. Mr. Priebat reported that PG&E has an underground system, which is very old. Tim O'Keefe is working on this problem. Mr. Donner reported that PG&E has an ongoing program to update the lines. He gave his contact information to the resident and advised him that he can also provide a contact at PG&E.

LANDSCAPE REPORT

Ms. Pollon reported that Junipers have been identified within 5 ft. of buildings. These will be removed first or anything that is more dangerous than others. The cost will be \$26,346.

Ms. Kaiser moved to approve the proposal and to take the funds from the operating account.

Mr. Preibat amended Ms. Kaiser's motion to approve the proposal to remove Junipers in the amount of \$26,346 and to take the funds from the reserve account. Ms. Donahue seconded and the motion carried 4-1. (Kaiser)

Ms. Pollon reported they are starting plant replacements.

Ms. Kaiser moved to complete the plant replacement program in 2020. Mr. Priebat seconded and the motion carried without dissent.

Ms. Pollon reported that the irrigation controllers are mostly up-to-date. There are four clocks that should be replaced as they are older than 10 years, but they will wait on this. The landscape committee will meet on October 2nd at 11:00 a.m. The agenda is on the website with the link to join the meeting.

Landscape Committee

No report.

TREASURER'S REPORT

Ms. Donahue reported that the budget for the end of August is over in insurance and utilities. There are 15 accounts in significant arrears. Actions are being taken. Some of these involve estates. One account has been paid in full since last month.

Ms. Donahue moved to approve the review of the financials in compliance with civil code #5500. Ms. Kaiser seconded and the motion carried without dissent.

Mr. Chakoff reported that the Mutual funds used to go into a CDARS account with City National Bank. CDARS is no longer available. He explained how a Sweep Account works. Anything in excess of \$250,000, which is FDIC insured, would go to other banks and be insured. This would all be done through City National Bank.

Ms. Kaiser moved to open a Sweep Account with City National Bank and to advise accounting to move forward on this action. Mr. Priebat seconded and the motion carried without dissent.

BUDGET & FINANCE COMMITTEE

Ms. Autrey gave a report as follows:

Before getting started, I would like to commend the staff for all their hard work on the budget and for their expertise and advice. They are a pleasure to work with. The First Mutual Budget & Finance Committee has reviewed the proposed 2021 budget.

There are four main categories driving our recommended increase this year:

1. Insurance continues to be the largest operating expense driver. Even though we increased the broker's estimate of 15% to 20% last year, the actual premium increase came in at about 50%. This year, the broker is estimating an increase of 35%. Having been wrong 2 years in a row, the committee is recommending a 50% increase. Hopefully, the current fires will not push the cost any higher. I think we need to acknowledge that climate change will be costly for all of us.
 - a. The increase in the insurance category results in a \$39.65 increase on the coupon
2. The second main category of expense is the replacement reserve. Our annual payments in this category are to pay our fair share of future costs in categories such as carpentry, roofing, painting, mechanical & electrical, fire safety, public works including concrete, asphalt, and landscaping. We hire the Helsing Group to review and make recommendations on the amounts that we should be funding into the account. As of their 8,19.20 report, they recommend full funding of \$199.75 per manor per month, however this budget only includes funding of \$174.00.
 - a. The increase in the replacement reserve category results in a \$15.00 increase on the coupon. This is a combination of the \$11.00 increase to get to the Helsing threshold funding level recommendation and \$4.00 to catch up some of the total \$13.00 in reductions that were taken on the 2017-2018 budgets.
3. The third main category of operating expense includes an increase of \$9.90 for water, which has seen a 22.1% increase this year, and \$1.66 for all the other categories including the MOD management fee increase of \$0.52. No salary increases are anticipated for employees this year other than the usual merit pool.
4. The final category of expense is Working Capital. The finance committee and board have a fiduciary responsibility to cure what is currently a structural deficit in that we borrowed from the replacement reserve and/or property fund to pay certain expenses (mainly insurance) but do not have sufficient cash to repay the loans. Not only is this illegal but may result in a special assessment if not taken care of. As of 8/31/20, our outstanding loan balance is \$1.6 million and while some of this will be repaid before the end of the year, there will still be a remaining balance. Working capital should be the greater of the average monthly expense or the total insurance premium. The insurance payment in this budget is \$1.99 million and we are recommending a working capital increase to \$2.208 million to cover that payment and make a dent in repaying any outstanding loan balance.
 - a. The increase in the working capital results in an \$82.79 increase on the coupon

Finally, although this has no direct impact on the coupon, we recommend several increases in replacement reserve spending for year 2021.

1. Landscaping is an asset and should be maintained on the same basis that we maintain the buildings. Due to climate change, the drought has had a very adverse impact on the health of the trees and removals needed for safety and fire safety should be done on a timely basis. In years past, we have not been keeping up with the job and need to correct this deficiency. We recommend an increase of \$70,000 to get us started.
2. The G.E. air conditions can no longer be serviced and should be replaced before they fall apart. We recommend an increase of \$250,000 for the replacements, which will not take care of all these units but will make a start.

The net result of the recommendations is an increase to the coupon for 2021 of \$149.00 per manor per month. I wish it was better news but even with this increase, we still have one of the lower coupons in the Valley. Having the lowest coupon isn't always a good thing if necessary expenses are not being made.

The next meeting of the Budget & Finance Committee will be October 15th at 10:30 via Zoom.

MUTUAL OPERATIONS REPORT

Mr. Donner read Mr. Hughs' report as follows:

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CARPENTRY/PAINT WORK- We have completed the carpentry and painting work on 25 buildings so far. Painters are currently working on 2701 and 2801 Golden Rain Road, entry 19. Carpenters are working on 2709 Golden Rain Road, entry 19 and 1565 Rockledge Lane, entry 9.

ASPHALT- The Mutual's asphalt work will begin on October 7 in entry 12 Golden Rain Road. They will move onto entry 18 Golden Rain Road on the 8th and 9th of October. They will finish up on the 21st and 22nd in entry 6 Golden Rain Road.

Mr. donner reported that Mr. Hughs has a list of drains that are habitual problems, so they can be monitored.

RECYCLE/COMPOSTING

Mr. Moe reported there are the same problems with recycling. There is a lot of remodel waste placed in the bins. Residents are not following rule to sort garbage. People have quite a bit of hazardous waste. There have been complaints about ants and maggots in the green carts. Republic replaces cart or bins once per year without a charge.

Mr. Donner will get a proposal from Nice Cans to clean the bins and present it at the next Board meeting. Mr. Moe stated he would like the trash policy changed, but the policy has to be enforced.

PRESIDENT'S REPORT

Mr. Priebat reported that the Presidents Forum was last Monday. Mr. Donner gave a presentation on how items are charged from MOD. Mr. Donner reported that fire

mitigation was discussed; 3rd party billables, which happens when a resident component fails; and transitioning from gas to electric leaf blowers. Terra Landscape is doing well with this with BrightView behind.

ORIENTATION – Gerald Priebat

On hold due to shelter-in-place.

UNFINISHED BUSINESS

Mr. Moe reported that the program in the laundry rooms for hazardous waste, such as batteries, is ending. There is a demand for someone to collect these items and dispose of them. Mr. Priebat mentioned that the E-Waste program is free of charge. Mr. Donner reported that Rapid Recycle takes anything with a cord.

Mr. Priebat stated that he is in favor of trash policy changes. He is also concerned about the BBQ policy and potential fire hazards. Ms. Donahue is in favor of protecting the community. Mr. Priebat will check the policy and the current city or county fire codes.

Mr. Donner reported that the gas valve release work has been completed. All valves have been checked.

The Board agreed unanimously to place the Ad Hoc Website Committee's report on the FWCM website.

NEW BUSINESS

Leasing/Subletting – Follow Up: Ms. Kaiser state that the Mutual finds out too late. Some people cheat to rent out their manor. Mr. Priebat reported that Chris Preminger has a report listing legal rentals and their expiration . Ms. Kaiser should email him for the report.

Number of Guest Parking Spaces-Each Entry: Directors can email Ms. Kaiser on their thoughts. Guest parking can be converted to open parking. Each director has the discretion to do so.

Laundry Bldg-Usage: Ms. Kaiser reported that non-residents are using laundry rooms and not wearing masks.

Alteration Oversight by Board: Mr. Priebat reported that he urged Mr. Parsons to come to the Board with non-standard alterations. Non-standard includes structural changes. Ms. Kaiser thinks the Board should have more input. Mr. Donner reminded the Board that they set the parameters for the Alterations Department to follow.

Board Request Monthly update on Alteration Applications: Mr. Donner can send alteration reports to the Board.

ANNOUNCEMENTS

Next Meeting: Annual Meeting, Tuesday, October 13, 2020 at 10:00 a.m. via ZOOM

The next regular Board meeting: Friday, October 23, 2020 at 10:00 a.m. (ZOOM Meeting)

ADJOURNMENT

Having no further business, the meeting adjourned at 11:55 a.m.



Anne Paone, Assistant Secretary
First Walnut Creek Mutual

***The Board of Directors met in executive session on August 13, 2020 at 11:33 a.m. to discuss the following:

1. Personnel: Contractor no longer allowed to work in FWCM

Having no further business, the executive session adjourned at 11:45 a.m.

***The Board of Directors met in executive session on August 28, 2020 at 11:01 a.m. to discuss the following:

1. Member Matters: Violation of Nuisance-Resolved

Having no further business, the executive session adjourned at 12:00 p.m.